

A Preliminary Study on the Factors Influencing Malaysian Youths' Adoption and Rejection of Takaful

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Abstract

Takaful company was initially established in Malaysia in the 1990s. The Malaysian Takaful (Islamic insurance) sector has grown significantly in recent decades, with fifteen Takaful companies operating in the country, including general and family Takaful. According to the Malaysian Takaful Association, 2020, the Malaysian Takaful industry witnessed exponential growth with general Takaful business has registered Gross Written Contributions of RM 3.46 billion, an increase of 4.4% over the same period in 2019; and the Family Takaful business has registered RM6.59 billion new business gross contributions in 2020, an increase of 7.0% compared to RM 6.16 billion in 2019. On the other hand, Islamic insurance has a lower penetration rate than conventional insurance, still lacking. There have been studies conducted to determine the reasons, however to the best of academics' knowledge; there is still a gap in understanding why Malaysian youth are not embracing the Takaful policy. As a result, this study aims to determine the causes for this and promote Takaful among Malaysian youngsters. The sample for this study comprises 53 Malaysian youth who were recruited from various sources. The data for this study is gathered through a random sample. This study employed descriptive statistics and correlation coefficients for statistical analysis. Religion, social status, product features, marketing, agent characteristics, and service quality, availability, and transparency determine the success of Takaful's adoption. However, the vast majority of respondents are unfamiliar with the Takaful concept, as well as its awareness and coverage. It is anticipated that this research will be eye-opening for regulatory organizations, Takaful companies, academics, and students to come out with strategies to attract youths to subscribe to takaful policy.

Keywords: Takaful, Factors, Adoption, Rejection, Youth and Malaysia

1. Introduction

With its continuous developments in Islamic financial services, Malaysia has become the leading global Islamic financial hub (El Qorchi, 2005; Dewa and Zakaria, 2012; Hassan and Salman, 2017). Alongside the Malaysian Takaful industry has also increased in the last few decades (Bokhari, 2007; Abu-Hussin, 2014), with fifteen Takaful companies, general and family Takaful (Arshad and Irijanto, 2020;

Mohamed et al., 2020). According to the Malaysian Takaful Association, 2020, the Malaysian Takaful industry witnessed exponential growth with general Takaful business has registered Gross Written Contributions of RM 3.46 billion, an increase of 4.4% over the same period in 2019; and the Family Takaful business has registered RM6.59 billion new business gross contributions in 2020, an increase of 7.0% compared to RM 6.16 billion in 2019. However, the penetration rate of Islamic

insurance is still low compared to conventional insurance. The family takaful is accounted for 38% of the total life insurance market in first half 2020, whereas the general Takaful for 16% of the total general insurance market (Fitch Ratings, 2021)

To increase the penetration rate of Takaful in Malaysia which currently remains low, it is pertinent to understand public especially Muslims' predicament in opting for Takaful products. The attention should be given to the youth who are young and intelligent but do not get sufficient takaful coverage to reduce the unforeseen risk. They failed to understand that takaful protection is important regardless of the age group, but often they will excuse not to pay even though the monthly amount is low.

When discussing the concept of Takaful, it is essential to understand that the Takaful concept is also associated with the idea of risk. Risk is defined as the possible occurrence of an event that leads to a loss" (Askari et al.,2012). Unexpected events may occur, and to avoid the peril and damage, such as death and injury, the concept of Takaful or insurance is essential in this sense to mitigate such losses. It also included the necessity to set aside a pool of funds during an emergency. Takaful is indeed an exemplary mechanism to minimize the health and death risk. Death, for example, is imminent, young or old. It is also recommended in Islam for Muslims to prepare for death, especially to the family members left behind. Thus, on this point, regardless of whether one is young or old, a Muslim needs to participate in the Takaful plan.

Malaysia is a primarily Muslim country whereby people's lifestyle is aligned to the Shariah principles. However, the Takaful sector has not significantly impacted the conventional insurance industry (Nordin, 2018). To increase the penetration rate of

Takaful in Malaysia which currently remains remarkably low, it is pertinent to understand Muslims' predicament in opting for Takaful products. There have been studies examining the reasons, but to the best of researchers' knowledge, there remains a lacuna in questioning why the Malaysian youth are not adopting the Takaful (Islamic insurance). Therefore, this study aims to know why this propagates among Malaysian youths.

2. Literature Review

Hassan and Salman (2021) investigate the perspectives of Shariah advisers on the development of new Takaful products in Malaysia. A combination of convenient and purposive sampling approaches is used to select the Shariah advisers who would be interviewed. The information for the study was gathered through interviews with eleven Shariah advisers. According to the findings of this study, Shariah advisers concluded that there were numerous opportunities to be explored. One method of discovering potential is through experimentation. Products, marketing, price, customer service, and distribution methods are just a few of the Takaful industry categories that need improvement. Furthermore, a lack of understanding of Takaful among clients leads to many issues and complications. But even in the current situation, Shariah advisers have provided numerous fair clarifications, including suggestions that several Takaful sector areas may be enhanced for a more innovative Takaful.

Salman and Kawata (2020) investigate the factors that promote participation in Takaful by the insurance policyholders in Malaysia. Both logit and probit models are applied to Muslims and non-Muslims' data, supposing two situations - the adoption of Islamic insurance and the shift from conventional to Islamic insurance. The estimation results show that factors that affect the adoption and shift to Takaful are

different among Muslims and non-Muslims, implying different strategies are required to promote adoption and change to Malaysia's Takaful.

Husin, Md., and Haron (2020) conduct a comprehensive evaluation of the literature on Takaful demand, focusing on studies published between January 2009 and June 2019. The review synthesizes and segments previously published material to identify gaps and provide direction for future research. They did a systematic review of the available literature. Previous research was analyzed, and content comparisons were made based on the research's emphasis, context, and methods. It was discovered that little had been written and published in reputable publications about Takaful demand. Although the first two earlier research were published in 2009, it was not until 2017 that coverage of the subject grew rapidly. Although no article about Takaful demand was discovered in 2018, one was published in 2019.

Aziz et al. (2019) examine the factors that influence an individual's attitude and intentions toward family takaful schemes and the mediating role of perceived trust in the relationship between perceived trust religiosity and attitude toward family takaful. A convenience sample of 224 salaried persons aged 24–50 was chosen. The data analysis process was carried out using variance-based partial least squares structural equation modeling. The findings indicated that attitudes toward family takaful schemes were strongly influenced by knowledge and perceived usefulness (PU). Perceived trust acted as a perfect mediator between perceived religion and attitude toward familial Takaful. Attitudes about family Takaful were favorably associated with buying intent.

Hussain & Sherif (2017) investigate the economic and sociodemographic factors that drive family Takaful demand in the

Middle East and North Africa (MENA) area, utilizing a sample of 15 MENA nations. The authors indicate that the need for family Takaful in MENA is positively correlated with Islamic banking deposits, education, dependency rate, female life expectancy, and Muslim population. On the other hand, inflation, financial development, and male life expectancy are all key factors adversely associated with demand for family Takaful in MENA.

3. Research Methodology and Hypothesis Development

Rogers developed diffusion of innovation (DOI) in the 1960s (Rogers, 1962; 1976; 1995; 2003). DOI theory has been applied to various disciplines, including marketing, economics, sociology, and technology management, the notion of innovation has been related to new products, ideas, services, methods, and inventions. Based on this theory, the researchers have developed the following ten hypotheses:

H1a: There is a positive relationship between Takaful adoption and Islamic Knowledge regarding conventional insurance prohibition.

H2a: There is a positive relationship between Takaful adoption and the level of awareness of Takaful

H2b: There is a positive relationship between Takaful adoption and the level of knowledge of Takaful

H3: There is a positive relationship between Takaful adoption and the Religious Factors

H4: There is a positive relationship between Takaful adoption and the Social Factors

H5: There is a positive relationship between Takaful adoption and the Product Features

H6: There is a positive relationship between Takaful adoption and the Service quality,

availability, and transparency

H7: There is a positive relationship between Takaful adoption and the Marketing

H8: There is a positive relationship between Takaful adoption and the agent's characteristics

H9: There is a negative relationship between Takaful adoption and the Takaful rumors

The sample for this study consists of 53 youth in Malaysia. There are two models used for this purpose that are probability (random) sample models and non-probability sample models. A probability sample is a set of data for which the population's characteristics are known. The selection is made at random from among the learned persons, and each item in the group has an equal chance of being chosen. Non-probability sampling, in contrast to probability sampling, is a sampling approach in which not all members of a population have an equal chance of participating in a study. There is a known likelihood that each member of the population will be chosen (Salman, 2017).

In this study, a random sample is employed to collect data. In terms of statistics, descriptive statistics and correlation coefficients were used in the research.

4. Descriptive statistics

4.1 Respondents' Backgrounds (Q1-Q8)

The sample size of the pre-survey was 53 after removing two invalid answers. The questionnaire consisted of 6 sections, and the total number of questions was 123, of which the first 8 questions asked are on respondents' background. These 8 questions are tabulated in Table 4.1. Item 1 is on gender that consists of 3 choices and the number of respondents who selected 1. Male, 2. Female, and 3. Prefer not to say were 26, 25, and 2, respectively, indicating that the number of men and women were almost the same. Item

2 is the question on the age of the respondents that consists of five categories, and the number of respondents who selected 1. 18-20, 2. 21-25, 3. 26-30, 4. 31-35, and 5. 36-40 were 0, 24, 6, 14, and 9. Those in the first half of their 20s share a relatively large ratio, 24 respondents but respondents of other age classes also participated in the survey. The subsequent item 3 is on marital status consists of 2 choices and the number of respondents who selected 1. Single (including the widow, divorce) were 36 and 2. Married were 17. Item 4 further asked on the ethnicity that consists of 5 choices, and the number of respondents selected 1. Bumiputera, 2. Malays, 3. Chinese, 4. Indians, and 5. Others were 18, 31, 3, 1, and 0, respectively. Item 5 is on the eligion of the respondents that consists of 5 choices that were 1. Muslim (49 respondents), 2. Buddhist (3 respondents), 3. Christianity (1 respondents), 4. Hindu (none), and 5. Others (none) respectively. Thus, most respondents were Muslims representing 92.45%. Item 6 is on education consists of 6 choices and the number of respondents who selected 1. Non-Tertiary Education, 2. High school/SPM, 3. College, 4. Bachelor, 5. Master, and 6. PhDs were 0, 3, 6, 24, 8, and 12, respectively, indicating that most respondents obtained Bachelors or higher degrees. Item 7 asked on the respondents' occupation that consists of 6 choices and the number of respondents who selected 1. The private sector, 2. Government sector, 3. Self-employed, 4. Housewife, 5. Students, and 6. Unemployed were 30, 4, 3, 2, 14, and 0, respectively, indicating that more than half of respondents are private-sector workers. The final item under this part is item 8 on salary consists of 6 choices, and the number of respondents selected 1. Above RM 5000, 2. RM 4000-4999, 3. RM 3000-3999, 4. RM 2000-2999, 5. RM 1000-1999, and 6. Less than RM 1000. The respondents response were 21, 4, 6, 3, 5, and 14 respectively

Table 4.1. Descriptive statistics of respondents' background

	1 Gender		2 Age		3 Marital		4 Ethnicity	
Average	1.547		3.151		1.321		1.755	
Standard error	0.079		0.163		0.065		0.089	
Median	2		3		1		2	
Mode	1		2		1		2	
Standard deviation	0.574		1.183		0.471		0.648	
Sample size (n)	53		53		53		53	
	1. Male	26	1. 18-20	0	1. Single	36	1. Bumiputera	18
	2. Female	25	2. 21-25	24	2. Married	17	2. Malays	31
	3. Prefer not to say	2	3. 26-30	6			3. Chinese	3
			4. 31-35	14			4. Indians	1
			5. 36-40	9			5. Others	0
	5 Religion		6 Education		7 Occupation		8 Salary	
Average	1.094		4.377		2.3 58		3.170	
Standard error	0.049		0.155		0.241		0.292	
Median	1		4		1		3	
Mode	1		4		1		1	
Standard deviation	0.354		1.130		1.755		2.128	
Sample size (n)	53		53		53		53	
	1. Muslim	49	1. non-Tertiary	0	1. Private sector	30	1. Above RM5000	21
	2. Buddhist	3	2. High school/SPM	3	2. Government sector	4	2. 4000-4999	4
	3. Christianity	1	3. College	6	3. Self-employed	3	3. 3000-3999	6
	4. Hindus	0	4. Bachelor	24	4. Housewife	2	4. 2000-2999	3
	5. Others	0	5. Master	8	5. Students	14	5. 1000-1999	5
			6. PHD	12	6. Unemployed	0	6. Less than 1000	14

4.2 Sources of Takaful information (Q9)

Sources of Takaful information vary for many media. Facebook accounts for the largest share (average 3.094, median 3, and mode 5) as illustrated in Table 4.2. Based on the median and mode, Information from friends (3.1) and Information from family

members (3.2) are the second and third essential sources of Takaful information. These results may indicate that while the newest media, such as SNS, plays a vital role, traditional sources such as information from friends and family members still account for a relatively large share.

Table 4.2. Sources of Takaful information

	9.1 Mass Media		9.2. Social Media		9.3. Others	
	1.1 Television	1.2 Newspaper/ Magazine/ Brochure	2.1 Company’s web site	2.2 SNS: Instagram/ Twitter/ Facebook etc	3.1 Information from friends	3.2 Information from family members
Average	2.547	2.340	2.792	3.094	2.887	2.755
Standard error	0.163	0.152	0.181	0.200	0.170	0.178
Median	2	2	3	3	3	3
Mode	2	2	2	5	4	3
Standard deviation	1.186	1.108	1.321	1.458	1.235	1.299
Sample size (n)	53	53	53	53	53	53
1. Often	11	14	10	10	9	12
2. Sometimes	18	17	15	10	12	11
3. Regularly	11	14	11	11	12	13
4. Usually	10	6	10	9	16	12
5. Always	3	2	7	13	4	5

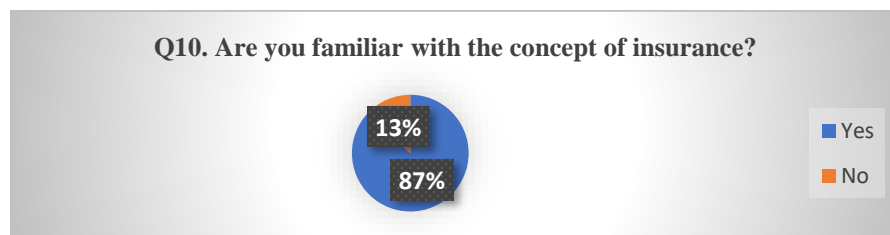
4.3 Insurance Awareness (Q10-Q15)

The respondents were asked about their awareness on insurance and Takaful. This is to see whether they know and understand the similarities and differences between the two. This part is to measure the respondents awareness on insurance which are tabulated

in Table 4.3. In short, the affirmative answers (1. Yes) dominate for almost all cases (exception is Q15), implying respondents were aware of the characteristics of conventional insurance.

Table 4.3. Takaful Awareness

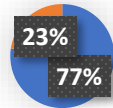
	Q10	Q11	Q12	Q13	Q14	Q15
Average	1.132	1.226	1.189	1.358	1.415	1.509
Standard error	0.047	0.058	0.054	0.067	0.068	0.069
Median	1	1	1	1	1	2
Mode	1	1	1	1	1	2
Standard deviation	0.342	0.423	0.395	0.484	0.497	0.505
Sample size (n)	53	53	53	53	53	53
1. Yes	46	41	43	34	31	26
2. No	7	12	10	19	22	27



Regarding the concept of insurance, eighty-seven percent of respondents are aware of insurance, and thirteen percent are not

familiar with the insurance.

Q11. Are you aware that conventional insurance should be forbidden based on your religious beliefs?

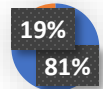


■ Yes
■ No

According to seventy-seven respondents, conventional insurance should be prohibited based on their religious beliefs, whereas

twenty-three percent disagree.

Q12. Are you aware that conventional insurance practices include an element of interest?

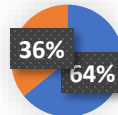


■ Yes
■ No

Eighty-one percent of respondents know that conventional insurance practices include an

element of interest, while nineteen percent are unaware of it.

Q13. Are you aware that the practice of conventional insurance entails an element of uncertainty?

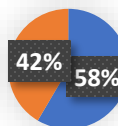


■ Yes
■ No

Sixty-four percent of respondents know that traditional insurance involves uncertainty,

while thirty-six percent are oblivious.

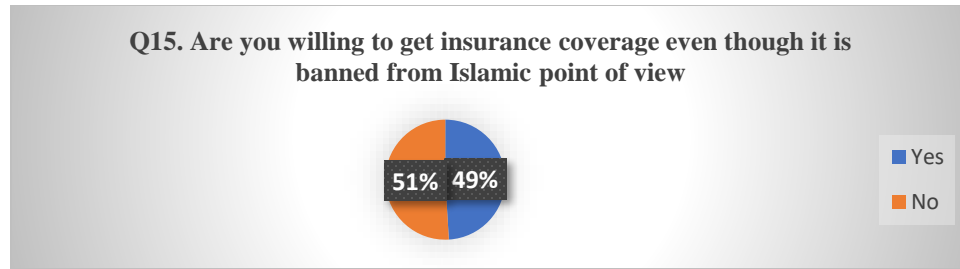
Q14. Are you aware that conventional insurance practices include an element of gambling?



■ Yes
■ No

According to fifty-eight percent of respondents, conventional insurance includes gambling, whereas forty-two percent are

unaware of it.



The respondents were also asked whether they are inclined to purchase insurance despite its prohibition from Islamic perspective. Interestingly, the respondents are somehow evenly distributed between not willing to subscribe (51%) and the balance

(49%) are willing to purchase or subscribe insurance. This could be because of the confident of the respondents on the products and services offered by the insurance provider.

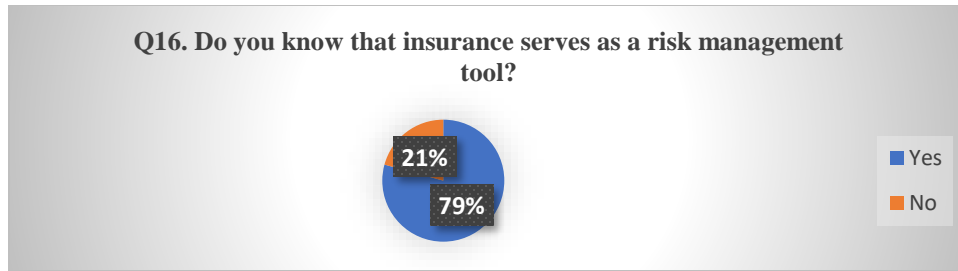
4.4 Insurance Knowledge (Q16-Q19)

Table 4.4. Results of Insurance Knowledge

	Q16	Q17	Q18
Average	1.208	1.094	3.830
Standard error	0.056	0.041	0.088
Median	1	1	4
Mode	1	1	4
Standard deviation	0.409	0.295	0.643
Sample size (n)	53	53	53
1. Yes	42	48	2
2. No	11	5	1
		3. For poor	1
		4. For everyone	49

(continued)

	Q19
a. Weather	21
b. Accidents	46
c. Theft/ burglary	32
d. Physical disability	40
e. Illness or health	39
f. Education	31
g. Death	37
h. Investment	23
i. Tax benefit	20
j. Less financial burden	17
k. Retirement Planning	24
l. Others Please Mention	0



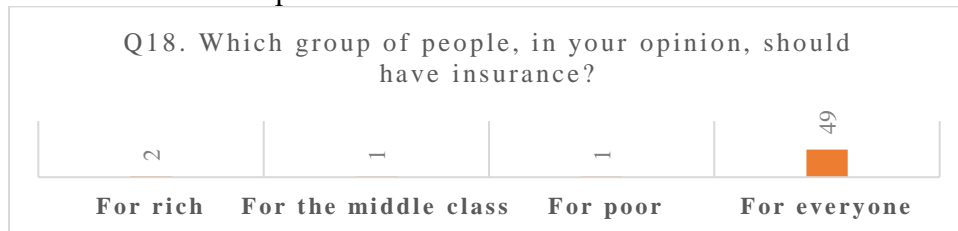
Insurance serves as a risk management tool; seventy-nine percent of respondents believe that insurance is a risk management tool,

whereas twenty-one percent do not agree.



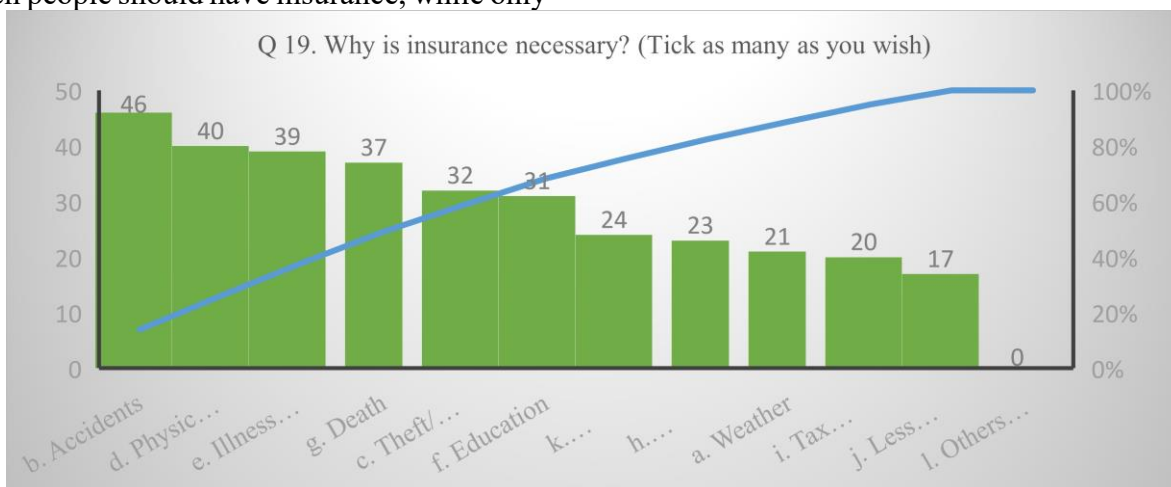
Ninety-one percent of respondents believe that insurance companies should consider ethical standards. Nine percent of

respondents disagree with this statement.



Among fifty-three, forty-nine respondents believe that everybody should have insurance. Two respondents think that only rich people should have insurance, while only

one respondent thinks poor and middle-class people should have insurance.



Forty-six respondents believe that insurance is critical in the event of an accident. For forty respondents, insurance is vital for physical disability, while for seventeen respondents, insurance is crucial for the financial burden.

4.5 Takaful Awareness (Q20-Q28)

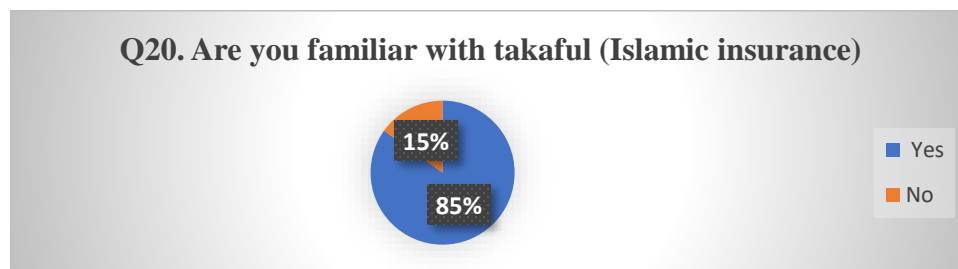
Here again, affirmative answers dominate in all questions, implying respondents understand the characteristics of Takaful. Please consult table 4.5 for interpretation.

Table 4.5. Results of Takaful Awareness

	Q20	Q22	Q23	Q24	Q25	Q26	Q27	Q28
Average	1.151	1.340	1.377	1.264	1.283	1.226	1.189	1.283
Standard error	0.050	0.066	0.067	0.061	0.062	0.058	0.054	0.062
Median	1	1	1	1	1	1	1	1
Mode	1	1	1	1	1	1	1	1
Standard deviation	0.361	0.478	0.489	0.445	0.455	0.423	0.395	0.455
Sample size (n)	53	53	53	53	53	53	53	53
1. Yes	45	35	33	39	38	41	43	38
2. No	8	18	20	14	15	12	10	15

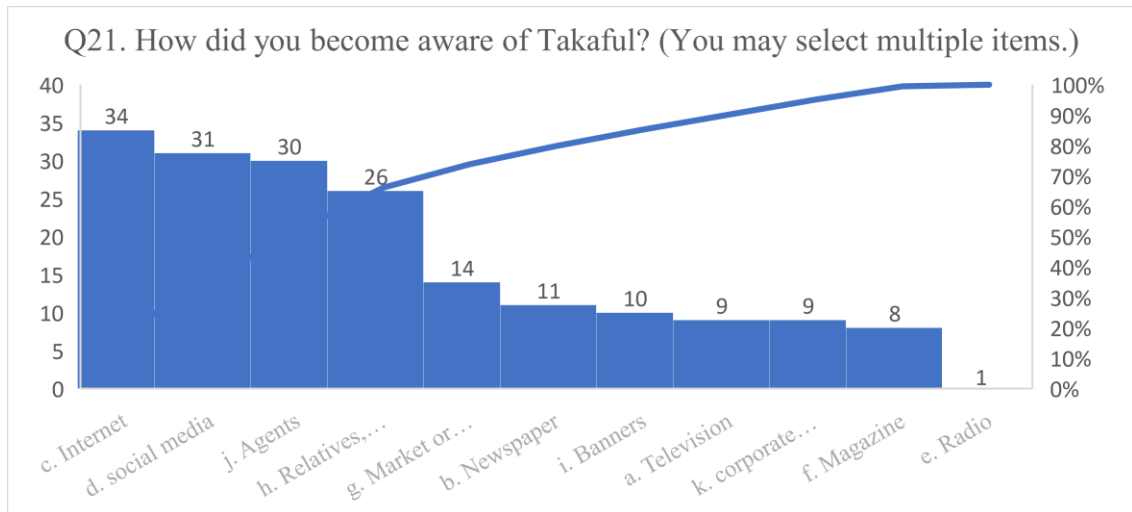
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Q21	
a. Television	9
b. Newspaper	11
c. Internet	34
d. social media	31
e. Radio	1
f. Magazine	8
g. Market or local people	14
h. Relatives, friends, or neighbors	26
i. Banners	10
j. Agents	30
k. corporate publicity	9
l. Others	1



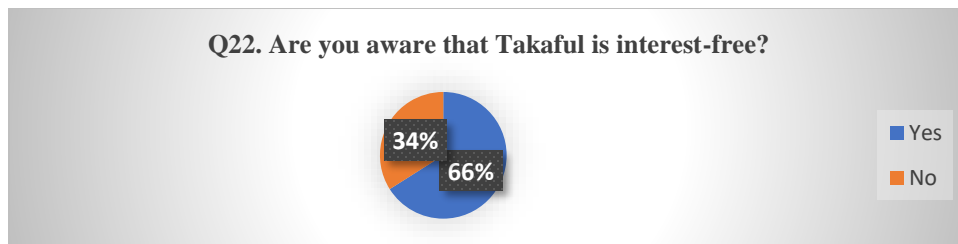
Regarding the concept of Takaful, eighty-five percent of respondents are familiar with it,

and fifteen percent of respondents are unfamiliar with the idea of Takaful.



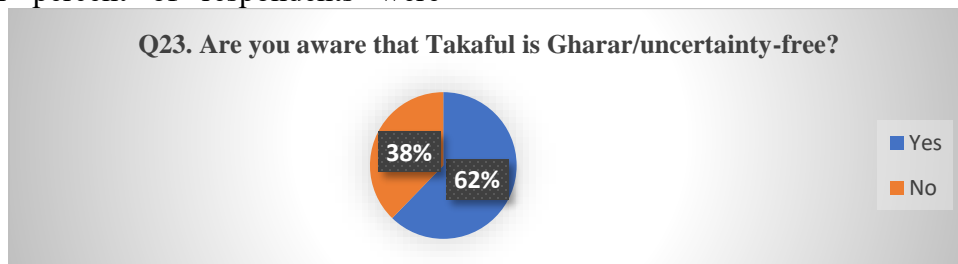
Thirty-four respondents are familiar with Takaful due to their use of the internet, while thirty-one respondents are familiar with

Takaful due to their use of social media. Takaful is only known to one respondent via radio.



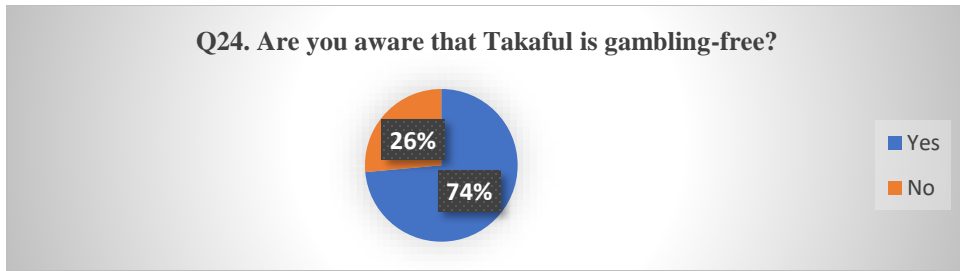
Sixty-six percent of respondents know that Takaful has no interest in their business. Thirty-four percent of respondents were

unaware that Takaful is interest-free.

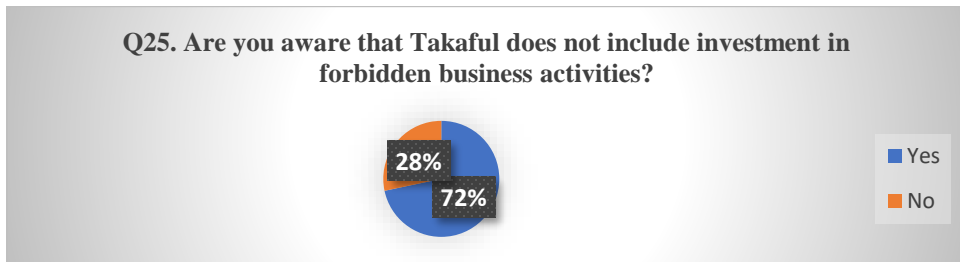


Sixty two respondents felt that Takaful does not contain any Gharar/uncertainty. By comparison, thirty eight respondents are

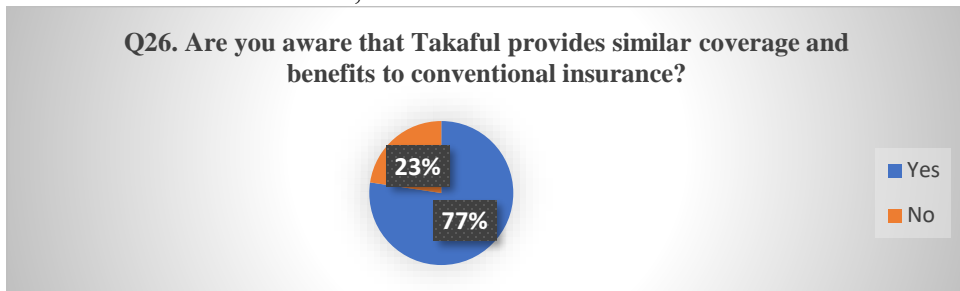
ignorant of it.



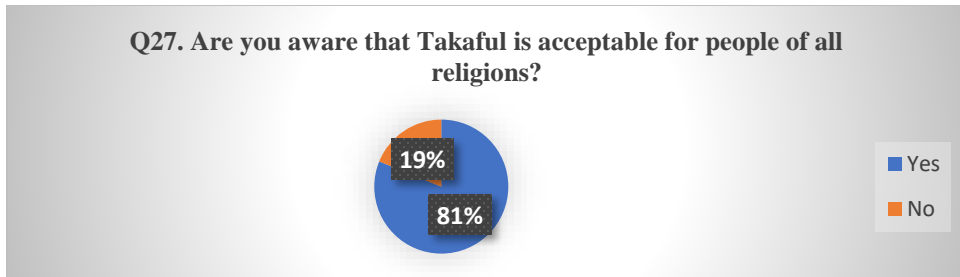
Seventy-four percent of respondents know that Takaful is free from gambling and twenty-six percent are unaware of it.



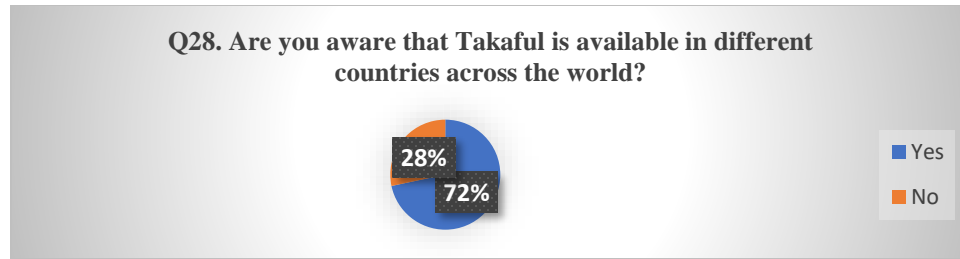
Seventy-two percent of respondents know that Takaful companies do not invest their capital in prohibited business activities, while twenty-eight percent are unaware.



Seventy seven respondents know that Takaful businesses offer comparable coverage and advantages to traditional insurance companies. Twenty three are clueless.



Regarding the acceptability of Takaful for all religions, eighty-one percent of respondents think that Takaful is acceptable for all faiths. Nineteen percent do not feel that.



Concerning the availability of Takaful in different countries, seventy-two percent of

respondents know that. In contrast, twenty-eight percent do not believe it.

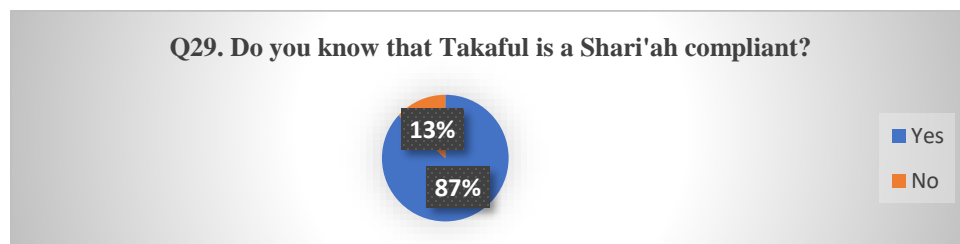
4.6 Takaful Knowledge (Q29-Q35)

Table 4.6. Results of Takaful Knowledge

	Q29	Q30	Q31	Q32	Q33
Average	1.132	1.283	1.340	1.434	1.283
Standard error	0.047	0.062	0.066	0.069	0.062
Median	1	1	1	1	1
Mode	1	1	1	1	1
Standard deviation	0.342	0.455	0.478	0.500	0.455
Sample size (n)	53	53	53	53	53
1. Yes	46	38	35	30	38
2. No	7	15	18	23	15

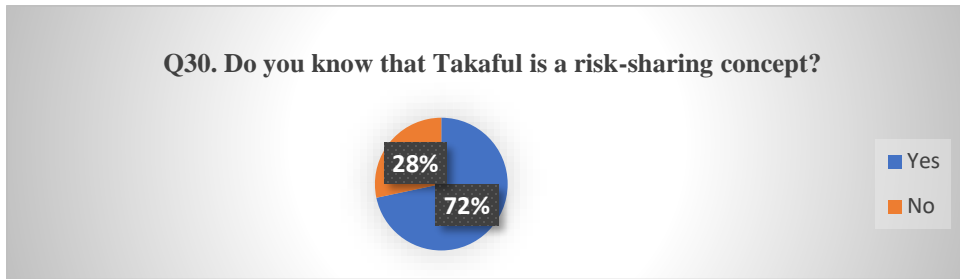
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	Q34	Q35
a. Medical/Health	46	a. Weather 21
b. Life	45	b. Accidents 40
c. Motor	28	c. Theft/ burglary Physical disability 27
d. House	29	d. Illness or health 32
e. Business	15	e. Education 44
f. employee benefits	17	f. Death 34
g. Investment plan	31	g. Investment 38
h. Fire	21	h. Tax benefit 24
i. Travel	21	i. Less financial burden 19
j. Education	26	j. retirement planning 26
		k. Others, Please Mention 27



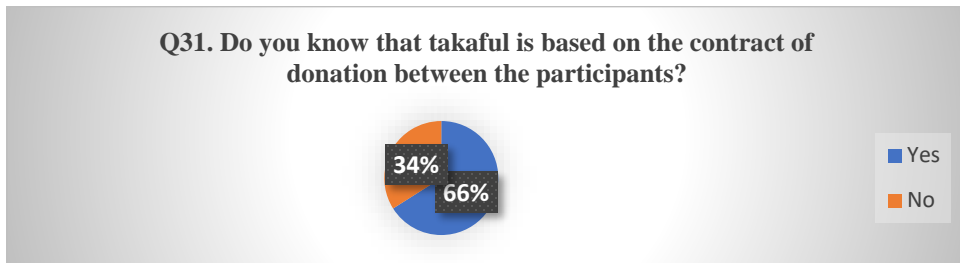
Takaful is a Shari'ah compliant product; according to eighty-seven percent of

respondents, this statement is true. In comparison, thirteen percent have disagreed.



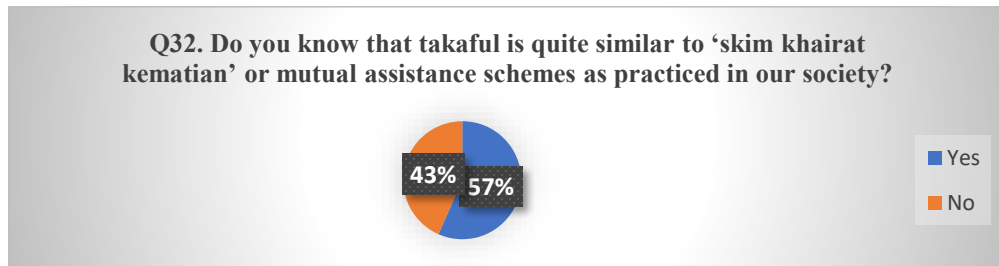
Takaful is a risk-sharing concept; seventy-two percent of respondents agree on it. At the

same time, twenty-eight do not know about it.



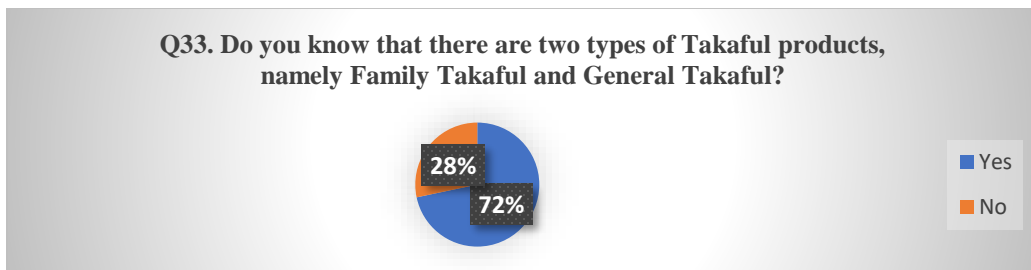
Sixty-six percent of respondents believe that Takaful is based on the contract of donation

between the participants. At the same time, thirty-four do not know about it.



Fifty-seven percent of respondents think Takaful is quite similar to 'skim khairat kematian' or mutual assistance schemes as

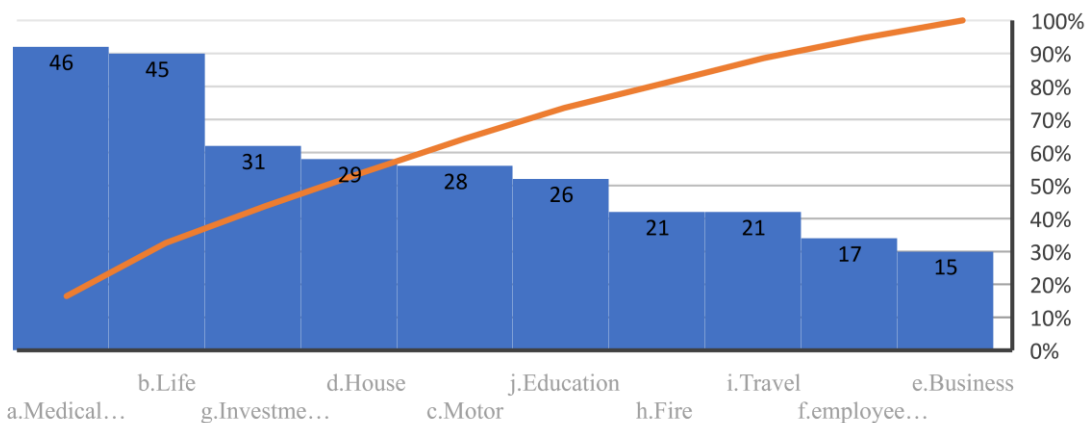
practiced in our society. Whereas forty-three do not think about it.



Takaful has two products, namely Family Takaful and General Takaful, this statement is true based on seventy-two percent of

respondents, and twenty-eight percent are unaware of this information.

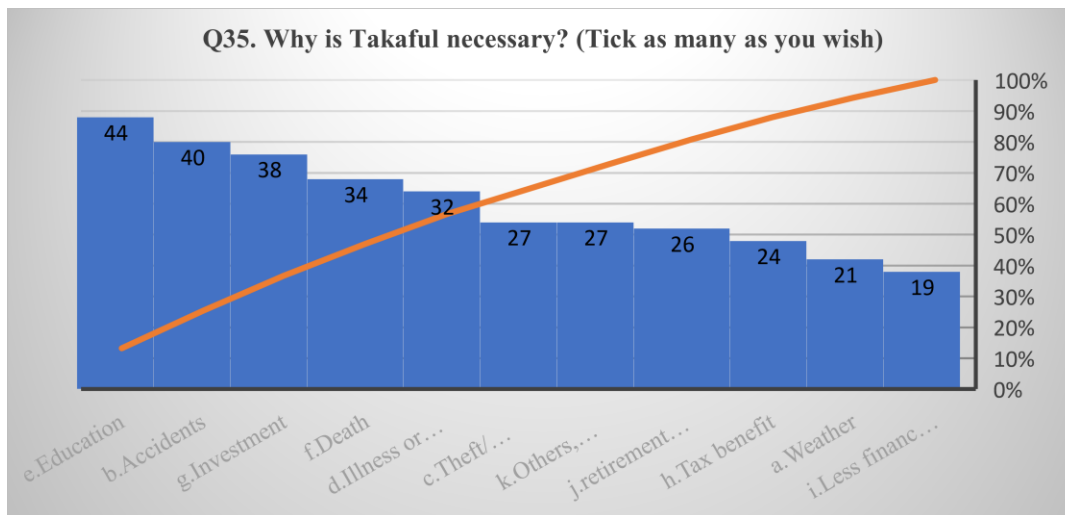
Q34. Do you know that Takaful offers a wide choice of protection plans such as? (You can tick as many as possible)



Most of them know that Takaful offers a wide choice of protection plans among fifty-three respondents. Forty-six respondents know that Takaful provides medical and health

programs for the participants. Also, forty-five respondents know that Takaful provides life plans as well.

Q35. Why is Takaful necessary? (Tick as many as you wish)



Takaful is vital for education; this statement belongs to forty-four respondents. Forty respondents voted for accidents, and only

nineteen respondents believe that Takaful is essential for less financial burden.

4.7 Determining Factors: Reject or Delay (Q70-Q77)

Table 4.14. Results of Determining Factors: Reject or Delay

	Q70	Q71	Q72	Q73	Q74	Q75	Q76	Q77
average	1.415	1.981	1.679	1.736	1.604	1.660	1.830	1.830
Standard error	0.068	0.019	0.065	0.061	0.068	0.066	0.052	0.052
Median	1	2	2	2	2	2	2	2

Mode	1	2	2	2	2	2	2	2
Sample size (n)	53	53	53	53	53	53	53	53
Yes	31	1	17	14	21	18	9	9
No	22	52	36	39	32	35	44	44

The responses to the 8 questions are used to assess why people are not participating in Takaful or what factors are causing them to delay or reject their participation in the Takaful market. Of 53 respondents, 22 felt that Takaful is not a viable alternative to traditional insurance. Takaful is not Shariah-compliant, according to 52 of the respondents. Thirty-six respondents say they are not aware of the Takaful goods on the market today. Takaful does not cover the same risks as traditional insurance, according to 39 respondents. Takaful is unaffordable, according to 32 survey respondents. A total of 35 people believe that Takaful is difficult to comprehend. Forty-four respondents believe that Takaful companies will not give good customer service. Takaful agents are untrustworthy, according to 44 percent of those who answered the survey.

5. Hypotheses testing

5.1 Hypotheses and tests applied

The above ten hypotheses were tested in two

ways in the following way. For example, in the case of the Hypothesis H1a (There is a positive relationship between Takaful adoption and Islamic Knowledge regarding conventional insurance prohibition/prohibition of conventional insurance), associated questions were as follows:

Takaful adoption: Q66

Islamic Knowledge regarding conventional insurance prohibition/prohibition of conventional insurance: Q11-14.

Here, each Q11-14 was used for a single variable case while Q11-14 were indexed (taking value 0-1) for synthetic variable cases, respectively, as shown in Table 4.15. Because Q11-14 was the ordinal scale data, Spearman's rank correlation coefficient was calculated while synthetic variable was the interval scale data, Pearson's correlation coefficient was applied.

Table 4.15. Correspondence between hypotheses, questions, and the methods

Hypotheses	Questions	Variable type		Method applied	
		Single variable	Synthetic variable	Single variable	Synthetic variable
Y	Q66	3			
H1a	Q11-14	2	3	Spearman	Pearson
H2a	Q20, 22-28	2	3	Spearman	Pearson
H2b	Q29-33	2	3	Spearman	Pearson
H3	Q36-40	3	3	Pearson	Pearson
H4	Q41-45	3	3	Pearson	Pearson
H5	Q46-50	3	3	Pearson	Pearson
H6	Q51-55	3	3	Pearson	Pearson
H7	Q56-60	3	3	Pearson	Pearson
H8	Q61-65	3	3	Pearson	Pearson
H9	Q70-77	2	3	Spearman	Pearson

5.2

5.3 Results in case of synthetic variables

The results of hypotheses testing in the case of synthetic variables are tabulated in Table 4.16. All of the correlation coefficient values are positive, indicating there is a positive relationship between takaful adoption and Islamic Knowledge regarding conventional insurance prohibition/prohibition of conventional insurance (H1a), the level of awareness of Takaful (H2a), the level of knowledge of Takaful (H2b), religious factors (H3), social factors (H4), product

features (H5), service quality, availability, and transparency (H6), marketing (H7), the agent's characteristics (H8), Takaful rumors (H9). The values of the correlation coefficient differ for hypotheses. The largest one is H2a (0.621), while the smallest one is H9 (0.248). Because most values are more than 0.3 and some are more than 0.6, it is safe to say that positive relationships are observed for most hypotheses. All of these values are statistically significant at the 10% level.

Table 4.16. Results of hypotheses testing (synthetic variable case)

	Method		p-value		Correlation coefficient
H1a	Pearson	t = 4.8867	0.000	***	0.557
H2a	Pearson	t = 5.7724	0.000	***	0.621
H2b	Pearson	t = 5.9026	0.000	***	0.630
H3	Pearson	t = 3.3956	0.001	***	0.423
H4	Pearson	t = 3.6093	0.001	***	0.444
H5	Pearson	t = 2.3595	0.022	**	0.308
H6	Pearson	t = 2.8621	0.006	***	0.366
H7	Pearson	t = 3.5054	0.001	***	0.434
H8	Pearson	t = 3.9997	0.000	***	0.482
H9	Pearson	t = 1.8624	0.068	*	0.248

5.4 Results in case of single variables

The results of hypotheses testing in the case of single variables are tabulated in Table 4.17. All of the correlation coefficient values are positive, indicating a positive relationship. The values of the correlation coefficient differ for hypotheses. The largest

one is H2a3 (0.619), while the smallest one is H92 (0.055). Although the correlation coefficient of H91-98 is low and is not statistically significant at the 10% level, the correlation coefficient of other hypotheses is relatively high and statistically significant at the 10% level.

Table 4.17. Results of hypotheses testing (single variable case)

	Method		p-value		Correlation coefficient	Question No
H1a1	Spearman	S = 15066	0.000	***	0.456	11
H1a2	Spearman	S = 17624	0.006	***	0.364	12
H1a3	Spearman	S = 15185	0.001	***	0.452	13
H1a4	Spearman	S = 14333	0.000	***	0.483	14
H2a1	Spearman	S = 14544	0.000	***	0.475	20
H2a2	Spearman	S = 14471	0.000	***	0.478	22
H2a3	Spearman	S = 10572	0.000	***	0.619	23
H2a4	Spearman	S = 13723	0.000	***	0.505	24
H2a5	Spearman	S = 11997	0.000	***	0.567	25
H2a6	Spearman	S = 18457	0.013	**	0.334	26

H2a7	Spearman	S = 17048	0.004	***	0.385	27
H2a8	Spearman	S = 20894	0.070	*	0.246	28
H2b1	Spearman	S = 17881	0.008	***	0.355	29
H2b2	Spearman	S = 14605	0.000	***	0.473	30
H2b3	Spearman	S = 11996	0.000	***	0.567	31
H2b4	Spearman	S = 14009	0.000	***	0.495	32
H2b5	Spearman	S = 12534	0.000	***	0.548	33
H31	Pearson	t = 3.3373	0.002	***	0.417	36
H32	Pearson	t = 4.1248	0.000	***	0.493	37
H33	Pearson	t = 2.5619	0.013	**	0.332	38
H34	Pearson	t = 5.1298	0.000	***	0.576	39
H35	Pearson	t = 2.5012	0.016	**	0.325	40
H41	Pearson	t = 3.6193	0.001	***	0.445	41
H42	Pearson	t = 2.7474	0.008	***	0.353	42
H43	Pearson	t = 2.2482	0.029	**	0.295	43
H44	Pearson	t = 1.1587	0.252		0.157	44
H45	Pearson	t = 1.2281	0.225		0.166	45
H51	Pearson	t = 3.2557	0.002	***	0.408	46
H52	Pearson	t = 2.0039	0.050	*	0.265	47
H53	Pearson	t = 3.3801	0.001	***	0.421	48
H54	Pearson	t = 3.4702	0.001	***	0.430	49
H55	Pearson	t = 1.5013	0.139		0.202	50
H61	Pearson	t = 3.1201	0.003	***	0.394	51
H62	Pearson	t = 2.985	0.004	***	0.379	52
H63	Pearson	t = 3.813	0.000	***	0.464	53
H64	Pearson	t = 3.1584	0.003	***	0.398	54
H65	Pearson	t = 4.0517	0.000	***	0.486	55
H71	Pearson	t = 3.4452	0.001	***	0.431	56
H72	Pearson	t = 4.1079	0.000	***	0.491	57
H73	Pearson	t = 3.9533	0.000	***	0.477	58
H74	Pearson	t = 3.8785	0.000	***	0.470	59
H75	Pearson	t = 3.4762	0.001	***	0.431	60
H81	Pearson	t = 3.8089	0.000	***	0.464	61
H82	Pearson	t = 3.9892	0.000	***	0.481	62
H83	Pearson	t = 3.0781	0.003	***	0.389	63
H84	Pearson	t = 4.387	0.000	***	0.516	64
H85	Pearson	t = 4.9454	0.000	***	0.562	65
H91	Spearman	S = 33850	0.105		0.221	70
H92	Spearman	S = 29254	0.688		0.055	71
H93	Spearman	S = 35000	0.053	*	0.263	72
H94	Spearman	S = 30903	0.404		0.115	73
H95	Spearman	S = 33542	0.124		0.210	74
H96	Spearman	S = 35334	0.042	**	0.275	75
H97	Spearman	S = 31174	0.365		0.125	76
H98	Spearman	S = 32989	0.165		0.190	77

6. Conclusion and Recommendations

In total, ten hypotheses are tested using the survey sample. Two variables are used for the testing: single and synthetic variables. The results indicate that all hypotheses are accepted except H91-H98 (single variable

cases). Most coefficient coefficients are higher than 0.3-0.4, implying middle or high-level correlation. Most of these cases are statistically significant at the 10% level. It can be expected that if the primary survey is conducted using the current questionnaire

with minor modifications, it will be a successful survey, and clearer and more significant results will be obtained.

Even though Takaful has been available in Malaysia since 1984, there appears to be little knowledge of the product. The marketing approach of Takaful operators should be improved, and the product features should be simplified to reach the untapped market. In addition to the other factors, religion is the most critical factor in influencing the youth's purchasing decision. Takaful operators must raise knowledge among Malaysian youths about the benefits of Takaful products to gain a foothold in the market. Aside from general understanding and knowledge about Takaful, the degree of education of potential participants might have a considerable impact on their decision to participate or not to participate. To offer Takaful products, Takaful operators should pay close attention to the ethical nature of the products and the educational backgrounds of possible participants in the business. Education is one of the most effective means of uplifting society and disseminating knowledge, which allows people to judge what is right or wrong and what is appropriate or not. It is not in the country's best interests if the general youth does not receive an adequate education. Education should be the first step to assist youth in understanding the purpose and benefits of Takaful and how it can benefit them.

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